



SEC News Service

SERIES OF 2014

JUNE 19, 2014

- ABOITIZ POWER APPROVES P10-B BOND SALE IN Q3** [1]
Alena Mae S. Flores, Manila Standard Today, p. B1
- PR GAZ ACQUIRES LIQUIGAZ** [2]
Alena Mae S. Flores, Manila Standard Today, p. B1
- ANGLO RAISES P925.8M** [3]
Jenniffer B. Austria, Manila Standard Today, p. B1
- MELCO HIKES INVESTMENT TO P37B** [4]
Jenniffer B. Austria, Manila Standard Today, p. B3
- BSP LIKELY TO RAISE KEY RATES—ANALYSTS** [5]
Mayvelin U. Caraballo, Manila Times, p. B1
- 25-BASIS POINT HIKE SEEN** [6]
Mayvelin U. Caraballo, Manila Times, p. B1/2
- PH SHARES SETTLE AT 6,7000 AFTER 4TH STRAIGHT FALL** [7]
Madelaine B. Mirafior, Manila Times, p. B.1
- ABOITIZ POWER SETS P10-B BOND SALE FOR Q3** [8]
Madelaine B. Mirafior, Manila Times, p. B3
- CAUTIOUS TRADING CONTINUES** [9]
Doris C. Dumlao, Philippine Daily Inquirer, p. B1
- MELCO HIKES CASINO CAPEX** [10]
Doris C. Dumlao, Philippine Daily Inquirer, p. B1
- PH NOW ON BRITAIN'S LIST OF PRIORITY MARKETS** [11]
Amy R. Remo, Philippine Daily Inquirer, p. B6
- PHL STOCKS TRIM LOSSES ON BARGAIN HUNTING** [12]
Neil Jerome C. Morales, Philippine Star, p. B2
- ABOITIZ POWER TO ISSUE P10-B RETAIL BONDS** [13]
Iris C. Gonzalez, Philippine Star, p. B3
- RAMOS FIRMS INFUSE P200 M IN ANGLO HOLDINGS** [14]
Neil Jerome C. Morales, Philippine Star, p. B3
- PHILIPPINES EYED AS BRITISH ASEAN HUB** [15]
BCM, Manila Bulletin, p. B1



SEC News Service

SERIES OF 2014

JUNE 19, 2014

- | | |
|--|------|
| ANGLO GETS P926M FROM AFFILIATES
Malaya Business Insight, p. A3 | [16] |
| ASIA BUSINESS SENTIMENT SPIKES IN Q2
Malaya Business Insight, p. A5 | [17] |
| ABOITIZ SETS P10-B BOND ISSUANCE IN Q3
Lenie Lectura, Business Mirror, p. B1 | [18] |
| BANK FOREIGN-OWNERSHIP BID SECURES SENATE APPROVAL
Recto Mercene, Business Mirror, p. B2-1 | [19] |
| BIR CASTS CRITICAL EYE ON NONPROFITS
David Cagahastian, Business Mirror, p. B2-1 | [20] |

Aboitiz Power approves ₱10-b bond sale in Q3

ABOITIZ Power Corp. approved the sale of P10 billion worth of fixed-rate retail bonds in the third quarter to finance ongoing power projects and other capital expenditures.

"At its special meeting today, the board of directors of Aboitiz Power authorized the issuance, in one or more tranches, of peso-denominated fixed-rate retail bonds up to the aggregate amount of P10 billion, inclusive of any oversubscription," the company said in a disclosure to the stock exchange Wednesday.

Aboitiz Power said the bonds would be issued in minimum denominations of P50,000 each

and in multiples of P10,000, thereafter. The company tapped BPI Capital Corp. as lead arranger and underwriter of the transaction.

"Proceeds of the bond issuance will be used to replenish working capital, partially fund ongoing projects, and for other general corporate purposes," Aboitiz Power said.

Aboitiz Power president Erramon Aboitiz earlier said the company was looking at investing up to P80 billion in greenfield and brownfield projects across the country this year.

"This is just part of our ambitious plan to expand our

power generation capacity by about 2,000 megawatts over the next five years," Aboitiz said.

The investment would double Aboitiz's current power generation portfolio of 2,300 MW.

Aboitiz Power's subsidiary Therma Visayas Inc. recently signed an engineering, procurement and construction contract with Hyundai Engineering Co. Ltd and Galing Power Energy Co. Inc. for the P41-billion 300-megawatt coal-fired power plant in Cebu.

Aboitiz Power also has projects in partnership with other power players, including the planned 600-MW coal project of

Redondo Peninsula Energy Inc. at Subic Bay Freeport, the 400-MW expansion of the Pagbilao coal plant in Quezon and the 300-MW Davao coal plant due for completion by the first quarter of 2015.

Aboitiz Power is also constructing more than 100 MW of hydro capacity around the country, including run-of-river hydro plants such as Tudaya (14 MW), Tamugan (12 MW) and Sita (28 MW) in Mindanao.

Aboitiz Power is also looking at diversifying its power generation portfolio to include solar power projects.

Alena Mae S. Flores

PR Gaz acquires Liquigaz

By Alena Mae S. Flores

PR GAZ Inc., a small local player in the liquefied petroleum gas industry reportedly controlled by tycoon Lucio Co, has acquired Liquigaz Philippines Corp., a wholly-owned subsidiary of SHV Energy of the Netherlands, an official of the Energy Department said Wednesday.

Energy Undersecretary operations in the country. Zenaida Monsada told reporters Liquigaz is currently the second biggest LPG supplier, the department received a notice from PR Gaz regarding next to Petron Corp., while PR the acquisition of Liquigaz's Gaz, which started as a distributor

of Caltex LPG, acquired the 1.7-hectare LPG refilling facility of Chevron Philippines Inc. in Pasig City in 2009. Chevron owns the Caltex brand.

Both PR Gaz and Liquigaz have yet to make official announcements about the acquisition as of press time.

Earlier attempts by Petron Corp., the leading LPG player, to acquire Liquigaz did not push through, after a group warned the merger would result in a monopoly of nearly 70 percent of the domestic LPG market.

"PR Gaz acquired Liquigaz, but I do not have the other details

but we received notice that PR Gaz, a Filipino firm acquired it. PR Gaz is Filipino-led but if it has a foreign partner or other partners, we don't know yet," Monsada said.

"The transaction will not result in monopoly because PR Gaz is just small [player]," Monsada said.

PR Gaz started as a wholesaler of LPG in the late 1990s. PR Gaz in 2003 started putting up LPG convenience stores under the brand PR Gaz Haus. PR Gaz now has 300 stores around the country.

PR Gaz was established by

entrepreneur Nelson Par, but a source said Co took a majority stake in the company. Co was involved in talks with Liquigaz for possible acquisition since last year.

Liquigaz, which started its operations in the Philippines in 1995, is the leading LPG supplier for major companies such as Mariwasa, Asia Brewery, McDonalds, Chowking, SM North Edsa, Max's Restaurant and Andok's Litson.

It also supplies LPG to smaller players, specifically members of the LPG Marketers Association of the Philippines.

Anglo raises P925.8m

ANGLO Philippines Corp. said Wednesday it raised P925.8 million through a private placement.

Anglo Philippines said in a disclosure to the stock exchange Alakor Corp. and National Book Store Inc. subscribed to 500 million worth of company's shares at P1.8516 apiece.

Alakor subscribed to 414.70 million shares while National Book Store subscribed to 85.3 million shares. The shares to be issued to Alakor and National Book Store will come from the increased in Anglo Philippines' authorized capital stock to P4 billion from P2 billion.

The board of Anglo Philippines approved the company's private placement of up to 2.3 billion shares in favor of Alakor and its designated affiliates in March.

Alakor is a privately held investment and holding company controlled by Alfredo Rannos, who also owns National Book Store and is currently the chairman of Anglo Philippines.

Anglo Philippines was originally incorporated in 1958 as an oil and mineral exploration company under the name of Anglo Philippine Oil Corp.

Jennifer B. Austria

Melco hikes investment to P37b

By Jenniffer B. Austria

MELCO Crown (Philippines) Resorts Corp., the local unit of Melco Crown Entertainment Ltd. of Hong Kong, said Wednesday it increased the investment budget for the City of Dreams Manila to P37 billion from P28 billion.

Melco Crown Philippines of Dreams Manila, it would said in a disclosure to the stock exchange with the higher project cost of City Top-up placement involves

the sale by the company's controlling shareholder MCE (Philippines) Investments Ltd. of existing common shares to investors and the issuance of the same of shares to MCE Investments.

The company did not provide additional details, including the number of shares it would sell and the timetable for the fund-raising activity.

Melco Crown Philippines sought one-day trading suspension of its shares, before the announcement.

"Melco Crown (Philippines) Resorts Corp. would like to request the voluntary suspension of trading of the corporation's shares of stock in the PSE starting on the opening of trading on 18 June 2014 in anticipation of an announcement of a possible fund raising exercise that will be made which may materially affect market activity as well as the trading prices of the shares," Melco Crown Philippines said.

The trading suspension will be lifted on June 19.

This would be the third fund-raising activity of Melco Crown Philippines, after it raised P15 billion (\$340 million) from a private placement completed in December last year and \$377-million equity placement conducted early last year.

Melco Crown Philippines is currently developing City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in Manila, which is expected to open in the fourth quarter this year.

The hotel and casino project

will have six hotel towers, including a 260-room Crown Towers hotel and other hotels with VIP and five-star luxury rooms and high-end boutique hotel rooms, specialty restaurants and bars, gaming facilities, a multi-level car park, as well as three separate entertainment venues.

City of Dreams Manila will be the second integrated resort and casino project to open within Pagcor-sponsored Entertainment City in Parañaque City.

BSP likely to raise key rates – analysts

BY MAYVELIN U. CARABALLO REPORTER

THE central bank's Monetary Board (MB) is seen leaning toward a policy rate hike when it meets today to determine the appropriate monetary policy setting for the Philippines in light of growing price pressures, recent policy actions, and domestic and global risks.

Bangko Sentral ng Pilipinas (BSP) Governor Amando Tetangco Jr. said the Board will be looking at a number of issues, particularly the inflation path, which is on an apparent upward trend.

The headline inflation rate stood at 4.5 percent in May 2014.

"We'd like to see the extent of brewing pressures that we have seen lately on inflation and assess the potential second-round effects that can come from these price pressures," Tetangco told reporters on the sidelines of the launch of the 12th Citi Micro-entrepreneurship Awards held

on Wednesday.

Tetangco noted that these price pressures include food prices, transport fare hikes, power rates and the potential impact of the expected El Niño phenomenon on food and power prices.

The BSP governor also said that given these price pressures, the central bank's inflation forecast for the remainder of the year may be adjusted upward from its recent forecast of 4.3 percent.

"I would think that there will be an upward adjustment in the inflation forecast, but looking at this forecast as well as market expectations, the general view is

that inflation will still remain in the target range, but closer to the upper end of the range," he said, referring to the 3-percent to 5-percent target for inflation rate this year.

Tetangco said the MB will also look at the impact of its past policy actions, particularly the increase in the reserve requirement ratio (RRR) for banks.

"We'd like to assess that, particularly [its] impact on liquidity growth," he said.

At its March 27 and May 8 monetary policy meetings, the Monetary Board decided to increase the RRR of banks to 19 percent and 20 percent, respectively, to guard the economy against risks that could arise from strong domestic liquidity.

"What we are looking at is that the growth in liquidity does not, in the future, cause pressures that can lead to issues about financial stability as well as potential inflationary pressures coming on the demand side," he added.

The BSP Governor added that

developments in the global scene, particularly the financial and economic conditions in United States and China, will also be tackled during the MB meeting.

Tetangco said that the Board will assess the implications of US Fed tapering to financial market volatility and its impact on domestic developments.

The MB will also look at the potential effects of the slowdown in China's economic growth, particularly any potential impact on commodity prices that can affect domestic inflation.

Tetangco also mentioned the implications of geopolitical developments – specifically the ongoing crisis in Iraq – that have already affected oil prices.

"We will consider all of these things consistent with the approach under the inflation targeting framework. We will try to form a view as to the path of future inflation and how this would likely be affected by all of these factors. And then, we will make decision on that basis," he said.

25-basis point hike seen

GLOBAL bank HSBC believes that the Bangko Sentral ng Pilipinas (BSP) has no choice but to raise rates further, which will signal the central bank's commitment to temper inflationary pressures.

In a recently released report, HSBC said that the BSP is likely to increase the main policy rate or the reverse repurchase (RRP) agreement, as well as the special deposit account (SDA) rate, by 25 basis points each, taking them to 3.75 percent and 2.25 percent, respectively.

In addition, the central bank may also raise the reserve requirement ratio for banks by another 1 percentage point to 21 percent, it said.

In a commentary, the Bank of the Philippine Islands (BPI), said that the 4.5-percent inflation rate last month may compel the central bank to hike rates on both the RRP and the SDA rates by 25 basis point each in

today's meeting. The bank said that adjusting both the SDA and the RRP would be a clear signal that the central bank is in a tightening cycle.

However, BPI said that the central bank may refrain from further hiking its reserve requirement after two consecutive adjustments.

Angping and Associates Securities Inc. Head of Research Rafael Supangco also foresees a tightening in the BSP's main policy rates.

"I think we'll see the central bank tighten up a bit, but not so much. Probably 25 basis points. Inflation has been quite high so far . . .," Supangco said in a text message to The Manila Times on Wednesday.

Justino Calaycay, analyst at the Accord Capital Equities Corp., differed with the consensus,

► **Basis B2**

■ **BASIS FROM B1**

25-basis point

however, and said that the BSP may hold its key policy rates steady, as the central bank will also consider the impact of higher interest rates on the slowing Philippine economy.

"Following the slower-than-expected growth in the first quarter, bets on keeping interest rates level gained," Calaycay said, referring to the 5.7 percent slower than expected growth of the economy in the first quarter of the year.

He said that it will be a tough call for the BSP as the rising inflation has also led a growing number of analysts to forecast a rate hike earlier rather than later.

"However, considering we are still within the projected inflation band but below the growth pace, the bank regulators may find it more prudent to hold rates unchanged and wait for more data moving forward," he said.

MAYVELIN U. CARABALLO

PH shares settle at 6,700 after 4th straight fall

THE local market fell as a result of persistent overseas and local jitters, but showed signs of a possible rebound in closing just over 6,700 after staying at the 6,600-level for most of the Wednesday trade.

BPI Asset Management said the local equities market declined for a third consecutive day this week as geopolitical turmoil in Iraq and Ukraine and the continuing ascent of crude oil prices fed inflation concerns.

The correction, according to the company, also led to market speculation that the Bangko Sentral ng Pilipinas may hike interest rates during their Monetary Board meeting today (Thursday), implying adverse corporate revaluations that further drove the market down.

After plummeting to 6,600-support level, the Philippine Stock Exchange index (PSEi) cut down its losses towards the end of the trade and returned to the 6,700-level, finishing the day off by only 1.80 points, or 0.03 percent to 6,703.13.

"After three days of slump, investors

headed into the market cautiously expecting - or at least hoping - for a technical rebound. Overnight advances in both Europe and the US should add fodder to this thought, translating it to action," Accord Capital Equities, Corp. analyst Justino Calaycay said.

"Unfortunately, such was not the case when the opening bell pealed. The bears hardly gave the bulls any room, pulling lower by 16 points off the starting block and took on a southern heading since," he added.

However, a late afternoon surge in buying activity occurred and according to Calaycay, this strong recovery at the close should augur well for a technical rebound.

The wider all shares index also stayed in the red with a 6.43-points drop, or 0.16 percent to end at 4,023.71.

It was also a mixed result for the sectoral indices after three of them managed to recover, while the others did not escape negative territory. Property counter fell by 17.79 points, or 0.69 percent to 2,579.36, while services erased 12.02 points, or 0.60

percent to close at 1,989.71. Industrial also fell by 6.79 points, or 0.07 percent to 10,291.06.

Holding firms, on the other hand, rose by 12.72 points, or 0.21 percent to 6,129.12, while financials added 1.09 points, or 0.07 percent to 1,579.69.

Mining and oil had the largest increase, gaining 121.35 points, or 0.80 percent to 15,377.69, after Philex Mining Corp. was able to report that the suspension on its Padcal Mine operations was lifted Wednesday by the Pollution Adjudication Board of the Department of Environment and Natural Resources.

Philex Mining shares rose 3.23 percent to P9.60, one of the bright spots on a day when decliners beat advancers, 125 to 53, while 43 issues were unchanged. Overall, a total of 1.73 billion shares worth P7.2 billion were traded during mid-week session.

Among issues with big declines were Apex Mining Co. Inc., down 11.18 percent to P3.02, Omico Corp., falling 11.11 percent to P0.40, Vivant Corp., down 8.33 percent to P11.00, and Anchor Land Holdings Inc., down 7.61 percent to P14.32.

On Tuesday, the PSEi lost 53.52 points, or 0.79 percent to 6,704.93, while the wider all shares was also down by 27.66 points, or 0.68 percent to 4,030.14.

MADLAINE B. MIRAFLOR

Aboitiz Power sets P10-B bond sale for Q3

ABOITIZ Power Corp. (Aboitiz-Power), the power arm of conglomerate Aboitiz Equity Ventures Inc., will tap the debt market in the latter part of this year to raise P10 billion from a bond sale to bankroll its ongoing projects.

At a special meeting held on Wednesday, the board of directors of AboitizPower authorized the company's plan to issue peso-denominated, fixed-rate retail bonds of up to P10 billion. Asked what specific projects would be funded by the bond issue, company officials declined to comment.

"The proceeds of the bonds issuance will be used by AboitizPower to replenish working capital, partially fund ongoing projects, and for other general corporate purposes," the company said in a disclosure to the Philippine Stock Exchange.

The bonds will be issued in one or more tranches, inclusive of any oversubscription.

The bonds, which are expected to be offered to the general public in the third quarter of 2014, will be registered under the Securities Regulation Code.

The lead arranger and underwriter of the bond issue is BPI Capital Corp. No further details were disclosed.

Early this month, AboitizPower said its unit Therma Visayas, Inc. (TVI) has signed the engineering, procurement and construction (EPC) contracts for its 300-megawatt coal-fired Cebu power plant. The plant will be built in Toledo, Cebu at a cost of P41 billion.

In a previous disclosure to the local bourse, it was reported that TVI, a wholly-owned subsidiary of AboitizPower, has signed the EPC contracts with Hyundai Engineering Co., Ltd and Galing Power Energy Co., Inc. for the establishment of the coal-fired power plant in Cebu.

With the signing of the EPC contracts, TVI will now issue a Notice to Proceed to perform design engineering and detailed physical data collection in preparation for the construction of the plant.

With construction targeted to start by the middle of this year, the plant is scheduled to go online by the third quarter of 2017.

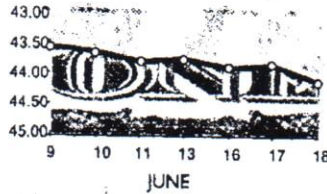
MADLAINE B. MIRAFLOR

INDICATORS

PESO-DOLLAR RATE

June 18, 2014

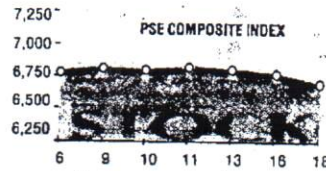
44.120



STOCK MARKET

June 18, 2014

↓ 1.8



(See stock market report on Page B2)

Cautious trading continues

LOCAL stocks continued to trade with caution yesterday due to concerns on oil price pressures and prospective US monetary tightening but the main index pared its losses to stay above 6,700.

The main-share Philippine Stock Exchange index (PSEi) slipped by 1.8 points or 0.03 percent to close at 6,703.13, weakening for the fourth session in a row. It declined to as low as 6,635.55 in intraday trade but reduced its losses at close.

This developed as escalating violence in Iraq triggered concerns on potential oil price increases, which is not good for an oil-importing country like the Philippines, according to analysts. At the same time, high valuations in the equity markets alongside speculations of potential interest rate increases in the United States kept some investors on the sidelines.

All eyes were likewise on the rate-setting meeting of the policy-making Monetary Board

of the Bangko Sentral ng Pilipinas today.

The day's decline was led by Megaworld (-2.22 percent) while Energy Development Corp. and GT Capital both fell more than 1 percent. Shares of Ayala Land Inc., PLDT, SM Investments Corp., Ayala Corp., DMCI and ICTSI likewise declined.

On the other hand, the day's decline was tempered by the gains made by Aboitiz Equity Ventures (+2.19 percent) while BDO, URC, Metrobank, Alliance Global Inc. and SM Prime also firmed up.

Value turnover for the day amounted to P7.17 billion. There were 53 advancers, which were swamped by 125 decliners, while 43 stocks were unchanged.

There was net foreign selling of around P534 million.

Across the region, equity markets were mostly lower ahead of the US Federal Reserve's reports on monetary policy. **Doris C. Dumlao**

Melco hikes casino capex

Top-up placement planned for P9-B increase

By Doris C. Dumlao

CASINO operator Melco Crown (Philippines) Resorts Corp. is planning an equity offer via "top-up" placement to cover part of P9-billion increase in capital outlays for the upcoming integrated resort City of Dreams Manila.

The board of Melco approved an increase in the total budget for City of Dreams Manila to \$832 million (approximately P37 billion at the present exchange rate) from \$680 million (P28 billion) alongside fresh fund raising through a top-up equity placement, the company disclosed to the Philippine Stock Exchange on Wednesday.

Melco went on a voluntary trading suspension on the local bourse on Wednesday in anticipation of this fund raising activity which may affect material trading on shares.

Market sources estimated that Melco would raise around \$168 million in a deal arranged by foreign bank Deutsche Bank.

Other sources estimated that Melco shares may be offered at between P11.30 and P11.70 per share versus the last traded price of P12.18 per share on Tuesday.

A top-up equity placement deal means that the controlling stockholder of Melco, MCE (Philippines) Investments Ltd., will lend some of its secondary shares for sale to the market for a quicker fund-raising deal. The company will afterward issue the same number of primary common shares to MCE Investments and these replacement shares will be listed on the local bourse, which means that the proceeds will go to the company.

Melco has a market capitaliza-

tion of P53.9 billion at the local stock market to date.

City of Dreams Manila, which will open by October this year, is the second integrated resort to open at Pagcor Entertainment City which is being groomed as the country's version of the Las Vegas gaming strip.

A partnership between the Melco group of Macau and the SM group's Belle Corp., City of Dreams Manila will have a casino, hotel, retail and entertainment areas in its integrated resort. It will have six hotel towers, including the Crown Towers hotel, Nobu Hotel and Hyatt City of Dreams Manila, numerous specialty restaurants and bars, gaming facilities, a multi-level car park, as well as three separate entertainment venues.

Industry sources said Belle, for its part, would not increase its capital outlays for the project.

PH now on Britain's list of priority markets

Philippines can serve as launchpad for UK firms in SE Asia

By Amy R. Remo

THE UNITED Kingdom has placed the Philippines on its list of "priority" markets for trading and investments, as it considers the country to be a strategic gateway for British companies hoping to gain entry or expand operations in Southeast Asia.

UK Trade Envoy to the Philippines George Freeman MP said in a briefing yesterday that, due to the country's strong economic growth, good governance and skilled English-speaking labor force, the Philippines could serve as a "natural launchpad" for British companies where they could set up their regional headquarters.

"The Philippines is "a major trading partner," Freeman said. "We want to bring more companies to the Philippine economy as it develops."

The UK move to further diversify its markets outside of Europe was due to the slow growth and the banking crisis on the continent, he said. The UK will continue its trade with Europe, but the emerging countries—one of which is the Philippines—present huge opportunities in the fields of agriculture, energy, medicine, professional services and luxury goods.

On his first visit to the Philippines, Freeman was accompanied by five British energy companies seeking investment opportunities and partnerships with local players.

Proof of the UK's strong confidence in the local economy is the establishment of a new

British Business Centre, which will be managed by the British Chamber of Commerce in the Philippines.

The facility in particular will help small and medium sized enterprises (SMEs) in the UK to expand their operations in emerging countries like the Philippines. Big British corporations may establish their positions in the Philippines more quickly than SMEs, which make up 90 percent of registered businesses in the UK, Freeman said.

There are over 200 British firms operating in the country. Lord Stephen Green of Hurstpierpoint, former UK Minister of State for Trade and Investment, earlier said that they would double trade and investment links between the UK and the Philippines in five years' time.

B-2

Phl stocks trim losses on bargain hunting

By **NEIL JEROME C. MORALES**

Late session bargain hunting and technical correction allowed the main index to trim its losses and finish above the 6,700 territory.

The Philippine Stock Exchange index (PSEi) slightly fell 0.03 percent or 1.80 points to 6,703.13, rebounding from the intraday low of 6,635.55. It marked the fourth straight day the benchmark index closed in the red.

The broader all shares index eased 0.16 percent or 6.43 points to finish at 4,023.71.

Justino B. Calaycay Jr., an analyst at Accord Capital Equities Corp., said a late afternoon

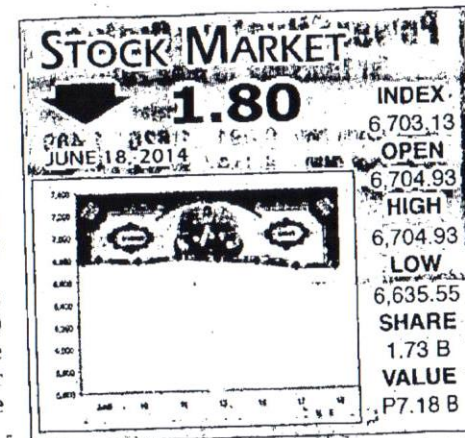
surge in buying, "possibly recognizing both the bargains presented and the near-even bets on today's interest rate action, trimmed losses."

"This strong recovery at the close should augur well for the earlier argument for a technical rebound," Calaycay said.

"The market's action was a continuance of the negative outlook driven by the intensifying situation in Iraq and the overhang concerns of a possibility of an economic slowdown in China," said Gab Aguila, analyst at DA Market Securities.

On Tuesday, Wall Street climbed on the back of gains in financial shares following high inflation data in May. The Dow Jones industrial average added 0.16 percent or 27.48 points to close at 16,808.49, while the broader Standard & Poor's 500 index rose 0.22 percent or 4.21 points to 1,941.99.

Local counters were mixed. The advancers were led by mining and oil that improved 0.80 percent or 121.35 points to 15,377.69, led by the rally of Philex Mining Corp. (+3.23 percent) after the government lifted a suspension order the Padcal copper-gold mine.



Aboitiz Power to issue P10-B retail bonds

By IRIS C. GONZALES

Aboitiz Power Corp., the power generation arm of the Aboitiz Group, will issue fixed retail bonds worth up to P10 billion, the company said in a disclosure to the Philippine Stock Exchange (PSE) yesterday.

The company is planning to offer the bonds in the third quarter of the year.

"The proceeds of the bonds will be used by Aboitiz Power to replenish working capital, partially fund ongoing projects and for other general corporate purposes," Aboitiz Power said.

Aboitiz Power tapped BPI Capital Corp. as the lead arranger and underwriter of the retail bonds.

The bonds shall be issued in minimum denominations of P50,000 each and in mul-

tiples of P10,000 thereafter, the company also said.

Last month, officials said the company is targeting to double its power generation capacity in the Philippines to roughly 4,000 megawatts (MW) in the next five years and to expand its power business outside the country as it hopes to hitch a ride on the rapidly growing Asia Pacific regional

economy.

The company currently has a capacity of about 2,300 MW. It hopes to expand this by about 2,000 MW over the next five years.

Ramos firms infuse P200 M in Anglo Holdings

By NEIL JEROME C. MORALES

The Ramos family has poured more than P200 million in fresh capital into listed Anglo Philippine Holdings Corp., completing the first phase of its P4.25-billion fundraising program.

In a regulatory filing, Anglo said Ramos-owned firms Alakor Corp. and National Book Store Inc. subscribed to an aggregate of 500 million new shares in the investment holding firm at P1.8516 apiece.

Anglo Holdings said 25 percent of the subscription price or P231.45 million was paid by Alakor and National Book Store on their respective subscriptions. The new shares were taken from the increase in capital stock of Anglo Holdings to four billion shares from two billion shares.

"The transaction is intended to raise funds for the company, which will be used, in whole or in part and in any combination, to settle outstanding loan obligations, acquire dividend-yielding securities, and finance the company's share in future property development projects," the firm said.

"The company is hopeful that these actions will result in a stronger balance sheet and improved portfolio of investments for the company," it added.

In March, Anglo Holdings' board allowed management's plan to sell 2.3 billion shares at P1.8516 apiece for a total of P4.25 billion.

Anglo Holdings, the Ramos family's investment firm, earlier announced a plan to increase its exposure in the property sector, particularly by buying into a real estate firm involved in greenfield projects.

In August, Anglo Holdings sold 214.145 million shares or a 4.5-percent stake in upscale developer Shang Properties Inc., the local property unit of Malaysia's Kuok Group, for P778.46 million.

For business expansion in region Philippines eyed as British ASEAN hub

The British government is prioritizing the Philippines in building up economic presence in the region and encourages its businesses to make the Philippines its launching pad for the huge ASEAN market, a top official announced.

Visiting UK Trade Envoy to the Philippines George Freeman told reporters at the formal launch of the new British Business Center in Global City that Great Britain is trying to redirect its economic relations with ASEAN as the EU economy is not doing well.

Britain is the fastest growing among the G-20 economies of the world.

"We prioritize the Philippines for its major opportunities as trade partner," among ASEAN countries, Freeman declared.

In prioritizing the Philippines, he cited the country's openness as a trade partner, pro-trade, pro-western values orientation, pro-law and English speaking people.

"We are very comfortable here and we want to help the Philippine economy as it develops," Freeman said. He

added the British government's effort to prioritize the Philippines has been evident in the series of high-level government official visits into the country in the past two years.

"I like British companies to see the Philippines as a natural launchpad to access the regional market," he added noting that there has been a shift also in the British economy from being dominated by large conglomerates to small and medium enterprises.

Britain claims to be the country's largest for- ▶B-12

◀B-1 Philippines eyed...

eign investor and sets to double bilateral trade to \$5 billion in 2016 from almost \$2 billion in 2013. The Philippines is the latest or the sixth among Asean countries where the UK government has established a British Business Center, which seeks to provide services

and facilitate British firms doing business in the country.

He cited the strong interest among British companies in food, engineering, pharmaceuticals, agriculture, energy, and infrastructure projects particularly railways.

British Ambassador Asif Anwar Ahmad also said that Britain has been prioritizing the winners among Asean and that includes the Philippines,

Indonesia and Thailand. He, however, noted that UK would like to be part in the dramatic change of the Philippine economy with improved economic relationship.

Ahmad further noted of the British SMEs that may be take advantage of new opportunities in new sectors like personal care and cosmetics.

"We will be looking in this market in other ways," he added. (BCM)

Anglo gets P926M from affiliates

ANGLO Philippines Holdings, Inc. said it has raised P925.8 million from new subscriptions by majority shareholder Alakor Corp., and affiliate National Book Store, Inc. All companies are controlled by the Ramos family.

Alakor subscribed to 414.7 million shares and National Book Store subscribed to 85.3 million shares at a subscription price of P1,8516 per share.

Anglo said that Alakor and National paid 25 percent of their subscription. The private placement is part of a P4.2 billion private placement the company's shareholders approved in May.

Anglo said the proceeds will be used to settle outstanding loan, acquire dividend-yielding securities and fund the company's share in future property development projects.

Anglo reported it is increasing its stake in listed oil exploration company, The Philodrill Corp.

About P1.6 billion may be used to acquire the additional Philodrill stake, according to Adrian Arias, Anglo EVP.

The remaining amount will be used for the company's other businesses which include the company's share of developing the TriNoma area, and acquiring a property in Bataan.

Anglo has investments in United Paragon Mining Corp., Atlas Consolidated Mining and Development Corp. Philodrill, North Triangle Depot Commercial Corp. or the current Trinoma shopping mall in Quezon City, MRT Development Corp., MRT Holdings Inc., Brightnote Asset Corp. and Filipinas Energy Corp.

Asia business sentiment spikes in Q2

SHANGHAI - Business sentiment among Asia's top companies hit its highest level in more than two years in the second quarter of 2014, rising sharply on supportive political changes around the region and positive signs from China, a ThomsonReuters/INSEAD survey showed.

The ThomsonReuters/INSEAD Asia Business Sentiment Index RACSI jumped to 74 in the second quarter from 64 in the first, the highest reading since the start of 2012. A reading above 50 indicates an overall positive outlook.

Leadership change gave India and Thailand sorely-needed shots in the arm, with the two key markets powering a rise in the wider index. Robust scores from China and Australia also helped lift the index with scores of 67 and 79 respectively, both up significantly from the previous quarter.

Export-driven South Korea saw a steep drop to 50 from 67 in the first quarter on weaker trade and consumer data. Japan and Malaysia edged down slightly, while Singapore and the Philippines held flat, although the Philippines still maintained its 100 reading, the same as in the first quarter.

"At the moment, stronger U.S. growth, China providing some support to prevent collapse and the India story is still there. These are positives," said Anthony Chan, senior economist for Asia at asset management firm AllianceBernstein.

However, the sentiment spike may be short-lived. India is due a "reality check" after its election boost. China's stimulus will create only a short-term lift, and there is still plenty hanging "in the balance" for Thailand after the military coup there in May, Chan said.

The index surveyed 200 of the Asia-Pacific region's top companies in 11 economies across sectors from property, to financials and tech. Companies included Japanese clothes maker Fast Retailing 9983.T, Korea's Hyundai Heavy Industries 009540.KS and Australian construction materials firm James Hardie Industries Plc.

The poll, conducted by ThomsonReuters in association with INSEAD, a global management and business school, was compiled in June 2-13. It showed global economic worries, rising costs and other risks including political and regulatory uncertainty were the key business concerns.

Of the 124 companies that responded 52.42 percent said they had a neutral outlook and 47.58 percent said they had a positive outlook in the second quarter of 2014. None reported a negative outlook, the first time ever in the survey's history.

Positive trends for key trade partners gave Asia a boost, said Simon Shakesheff, Sydney-based group executive for strategy and stakeholder relations at Australian property group Stockland Corp Ltd.

"Business confidence has been buoyed by a broad improvement in the global environment, especially some increased optimism with regards to the outcome of Europe, the U.S. looking quite respectable and Japan travelling better than expected," he said.

NEW FACES

Political changes around Asia sparked a positive mood in the countries affected with all 10 companies surveyed from India and the majority in Thailand reporting a positive outlook.

This helped Asia's third-largest economy hit the maximum score of 100 after pro-business candidate Narendra Modi stormed to victory in India's general election in May.

"India is positive because the previous government has done such a poor job that everyone expects it can only improve," said Dariusz Kowalczyk, Hong Kong-based senior economist for Asia ex-Japan at Credit Agricole, pointing to Modi's strong majority in parliament and wide popular support.

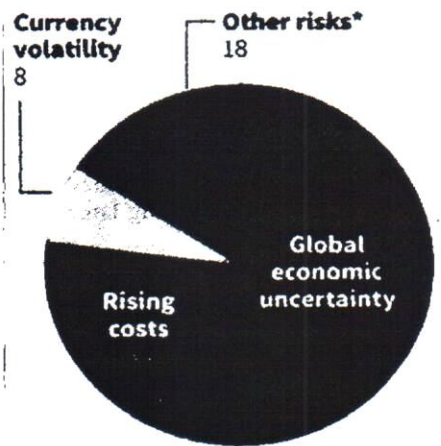
"This will make it easier for him to push through reform and therefore business sentiment improved." - Reuters

HIGHLIGHTS

- Sentiment index rises to 74 in Q2 from 64 in Q1.
- Global economic uncertainty continues to remain biggest risk.
- Philippines, India most upbeat with Thailand a close second.
- South Korea and Japan outlooks falter.
- Resource sector most positive, finance and retail fall.

Biggest perceived risks to business outlook

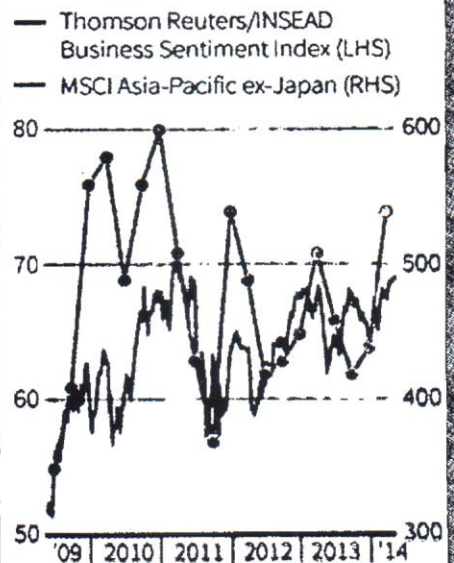
By number of respondents



Note: Total no. of respondents = 115. *Includes policy changes, regulations and infrastructure etc.

Source: Thomson Reuters/INSEAD.

Business sentiment index improves in Q2



Source: Thomson Reuters, INSEAD.

Aboitiz sets P10-B bond issuance in Q3

BY LENIE LECTURA

ABOITIZ Power Corp. is planning to raise up to P10 billion through a retail bond offering set next quarter.

"At its special meeting on Wednesday, the Board of Directors of Aboitiz Power authorized the issuance, in one or more tranches, of peso-denominated fixed-rate retail bonds up to the aggregate amount of P10 billion, inclusive of any oversubscription," the power firm said.

The bonds shall be issued in minimum denominations of P50,000 and in multiples of P10,000. The bonds are expected to be offered to the public in the third quarter of the year.

BPI Capital Corp. was tapped as lead arranger and underwriter.

Proceeds of the bond issuance will be used to replenish working capital, partially fund ongoing projects and for other general corporate purposes, it added.

The holding company for the Aboitiz Group's investments in power generation, distribution, retail and power services, earlier said it will pour in as much as P80 billion in investment this year.

The amount forms part of the company's bold move to add 2,000 megawatts (MW) to its portfolio in the next five years. At present, the company's power-generation capacity has reached 2,300 MW.

"Together with our partners, we are looking at investing up to P80 billion in the greenfield and brownfield projects across the country in 2014. This is just part of our more ambitious plan to expand our power-generation capacity by about 2,000 MW

over the next five years," Aboitiz Power President and CEO Erramon Aboitiz earlier said.

The additional capacity will be sourced from the 300-MW coal-fired power plant of AP Therma South Inc. in Davao, which is targeted to be completed next year. This power facility could be expanded by another 30 MW.

Also, another 300 MW will be coming from the coal-fired power plant of Therma Visayas in Cebu. The capacity of this facility could be expanded by 150 MW more.

The company is also eyeing an expansion by 400 MW more of the Pagbilao coal plant in Quezon.

Aboitiz Power also recently won in the auction of the 153.1-MW Naga plant in Cebu. Further, the power firm is banking on the planned 600-MW coal-fired power plant of RP Energy in Subic. This power project is a joint venture between Aboitiz and MGen, the power-generation subsidiary of Manila Electric Co.

"We also have an assortment of other plants—hydropower, geothermal and solar," Aboitiz added.

Aboitiz Power booked a net income of P4.2 billion for the first three months of the year, 9 percent lower compared to the same period a year ago. Core net income declined by 3 percent to P4.4 billion at end-March due to the revaluation of consolidated dollar loans and placements, which, it said, resulted in unrealized non-recurring loss of P211.1 million.

Bank foreign-ownership bid secures Senate approval

BY RECTO MERCENE

THE Senate expressed confidence that the lifting of the cap on foreign ownership of banks will attract more investments, perk up the banking sector and, ultimately, boost the economy.

The Upper House, shortly before its first regular session adjourned, approved a measure amending Republic Act 7721, otherwise known as an "Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines," to allow the full entry of foreign banks in the country.

The bill will be sent immediately to the Office of the President for approval, Senate President Franklin Drilon said.

"The immediate enactment of this measure will be a big boost to the administration's emerging economic policy, which is to open up the economy to direct foreign investments," Drilon said.



DRILON: "I am confident that President Aquino will approve this measure for the benefit of our economy and our people."

"If we really want to lure investors to come in, we have to amend the policies that block foreign investments, while we address the biggest investment turnoff, which is corruption."

Once the measure is enacted into law, Drilon said that established and reputable foreign investors will be allowed to have full ownership of domestic banks in the country.

He also said he expects a sig-

nificant increase in the flow of direct foreign investments that should help improve the country's financial and economic portfolios.

"I am confident that President Aquino will approve this measure for the benefit of our economy and our people.

"The additional resources to be generated from the measure can be tapped to fund social services and infrastructure projects much needed by our Filipinos," he added.

Under the bill, all the privileges currently being granted to domestic banks will also be extended to locally incorporated subsidiaries of foreign banks.

The Senate leader said the measure will align our country's banking system with the forthcoming implementation of the Asean banking-integration framework, which aims to facilitate infusion of foreign investment into various Asean communities.

BIR casts critical eye on nonprofits

By DAVID CAGAHASTIAN

INTERNAL Revenue Commissioner Kim Jacinto-Henares has trained her guns on so-called nonstock, nonprofit organizations not paying the correct taxes by invoking tax exemption even for activities not within the scope of their allowed activities.



Henares issued Revenue Memorandum Circular 51-2014 clarifying the provisions of the Tax Code against any inurement of the income of a nonstock, nonprofit organization to any of its members.

In the new circular, Henares said that even "exorbitant or unreasonable" compensation for employees of such organizations, even though they are not members thereof, are considered as an inurement of the organization's income to one of its members because such employees receiving the compensation may actually be a relative of the member.

The Tax Code provides that nonstock and/or nonprofit organizations are exempt from income tax with respect to income received by them as such. "Nonstock" means that "no part of its income is distributable as dividends to its members, trustees or officers," and that "any profit obtained as an incident to its operations shall, whenever necessary or proper, be used for the furtherance of the purpose or purposes for which the corporation was organized."

"Nonprofit" means that "no net income or asset accrues to or benefits any member or specific person, with all the net income or asset devoted to the institutions purposes and all its activities conducted not for profit."

However, the tax exemption could be prone to abuse through other indirect means of making the income of such nonstock, nonprofit organizations inure to the benefit of ultimately its own members.

Thus, Henares cited certain instances wherein a transaction or activity will be considered as an "inurement" to the benefit of the members of the nonstock, nonprofit organization, as follows: the payment of compensation, salaries or honorarium to its trustees or organizers; the payment of exorbitant or unreasonable compensation to its employees; the donation to any person or entity, except donations made to other entities formed for the purposes similar to the donee's; the purchase of goods or services for amounts in excess of the fair market value of such goods or services from an entity in which one or more of its trustees, officers or fiduciaries has an interest.

Even organizations formed to provide welfare aid and financial assistance to its members are not exempt from income tax if its principal activity is to receive and manage funds associated with savings or investment programs, including pension or retirement programs.

The tax exemption only applies to nonstock, nonprofit organizations "organized by employees providing for the payment of life, sickness, accident or other benefits exclusively" to such employees or their dependents.

Another instance when the tax exemption could be abused is when the organization is dissolved and its members take part in the distribution of its assets. In that situation, the assets received by the members are not tax-exempt.